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UNCLAS SECTION 01 OF 03 MONROVIA 000063

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DEPARTMENT FOR AF/W, DS, AND EEB/OMA
TREASURY FOR RICHARD HALL AND OREN WHYCHE-SHAW
FREETOWN ALSO FOR LEGATT

E.O. 12598: N/A

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SUBJECT: LIBERIA: MEETING WITH FINANCE MINISTER ON USG ASSISTANCE,
PORT, BUDGET AND STOLEN CARS

REF: 07 Monrovia 1377 (IRS request)

07 Monrovia 1007 (Port)

07 State 152255 (BIT)

1. (SBU) SUMMARY: Liberian Finance Minister Antoinette Sayeh is grateful for USG, especially Treasury, support for the GOL's multilateral debt-relief efforts. The Ministry of Finance (MOF) will assess the best use of USG assistance in the debt management strategy, and welcomes the rapid response to the Minister's request for assistance in tax administration reform (ref A and septel). They are eager for the arrival of the expert to advise on incorporating the Bureau of the Budget into the Finance Ministry. She shares the Ambassador's concerns about port management. Both customs outsourcing and a path towards a Build-Operate-Transfer (BOT) contract for the port are proceeding. The Ministry appreciates our assistance in identifying cars that were stolen in the United States, and would be happy to work with law enforcement or the insurance industry in resolving those cases. (See action request paragraph 6.) END SUMMARY

2. (SBU) The Ambassador, accompanied by Econoff, met January 17 with Minister of Finance Sayeh to discuss issues facing the ministry in the coming year. The Minister was joined by Deputy Minister for Expenditure Roderick Smith and Deputy Minister for Revenue Elfrieda Tamba. Sam Russ, Director of Domestic Debt Management and Dan Honig, the Minister's American advisor under the Scott Fellows program, also attended.

State of Play on Debt

3. (SBU) After initial discussion of the best use of USG assistance in debt management and tax administration (septel), the Minister asked that we convey her thanks to Treasury for "seeing them through" the multilateral debt relief process thus far. She said the IMF Board agreed on January 14 to count Liberia's track record under the Staff Monitored Program towards the HIPC (Highly Indebted Poor Country) Decision Point, and preliminary HIPC documents were presented to the Board. She added that the Decision Point document should be approved by the end of February following board meetings at the World Bank and the IMF. (Note: During a January 22 meeting with IMF officials, we were told Liberia will be discussed by the IMF Board on March 14, rather than the originally-scheduled February 29. End note.)

4. (SBU) The GOL would like to convene the commercial creditors in mid-February, and expects to go before the Paris Club in March. She said the GOL is receiving very good legal advice, funded by the Swiss, on handling its commercial debt. She had met with one of the largest holders of Liberian commercial debt, and clarified to them that the Liberian Petroleum Refinery Company (LPRC), like other state-owned enterprises, is not able to borrow funds.

Stolen Cars: What to do?

15. (SBU) With the assistance of Embassy Monrovia RSO, Customs has confirmed that stolen cars are being shipped from the United States to Liberia. Customs (under the jurisdiction of MOF) is still determining procedures to handle the stolen vehicles. Deputy Minister Tamba, in a previous meeting with Econoff, had confirmed the GOL's willingness to hold stolen vehicles as long as possible and to cooperate with U.S. law enforcement to resolve cases. We are aware of interest by the National Insurance Crime Bureau (NICB) in working with the GOL to recover the stolen cars by sending representatives to Liberia to assist in the recovery and return of vehicles as well as potentially provide training on stolen vehicles, VINs, replating, and other techniques to the Liberian police. The MOF officials had not been contacted by NICB and were unaware of that option. They were considering auctioning the stolen vehicles but noted the GOL is in a vulnerable position. One importer took the GOL to court for refusing to release a stolen car. The judge found against the government, on the grounds there was no complainant.

16. (SBU) Action Request: Post seeks DS and FBI guidance in working with the GOL and NICB to recover or investigate the stolen cars that are being shipped to Liberia.

Port still murky

17. (SBU) The Minister, who serves on the Board of Directors for the National Port Authority (NPA) and chairs the Board's Finance Committee, and the Ambassador shared their concerns about problems with NPA management (Ref B). The Board is using the NPA's December financial results to pass "a strong message to management." There was great concern that the budget had been "thrown out the window" towards the end of the year, without any consultation with the

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Board. She clarified later that the President had told the NPA Managing Director that he and his team are expected to be more effective in implementing the reforms leading up to the proposed privatization. The Minister confirmed the BOT is still on track for the next 18 months but will require improved NPA management.

18. (SBU) The Minister said financial information provided to the Board is improving, due in part to the acquisition of new software, but she is waiting to see if timely reporting of financial results continues. The Minister and Ambassador agreed that despite conflicts between the Managing Director and the GEMAP Controller, it would be counter-productive to change the GEMAP advisor at this time. (Note: The USG, through USAID, funds an advisor to the NPA controller with co-signatory power on financial transactions, as well as an operations advisor. There have been problems with both positions in recent months, leading to the departure of the operations advisor in November. End note.) Instead, both agreed it would be useful for all parties at the port to review how GEMAP is supposed to work.

19. (SBU) The two agreed an Internal Controller would be the most effective use of additional USG/USAID GEMAP funding. A Human Resources specialist will be necessary, but could be hired for the short term after NPA management has made progress on budgeting and right-sizing. They agreed there is a weakness in the recently signed Memorandum of Understanding (MOU) between the GOL and donors regarding port privatization, as the MOU creates an all-Liberian oversight committee that meets without attendance of or coordination with donors. As an example of the lack of coordination, the Ambassador pointed out that he has yet to see the UNMIL security report on the port.

Next steps on the port

110. (SBU) There will be an ad-hoc meeting with partners on the port, perhaps in the coming week. The USG will proceed with Terms of Reference for an Internal Control Manager. Both the Embassy and the GOL will counsel port management and the GEMAP advisor on improving working relations. Sayeh reiterated that President Sirleaf has told the NPA Managing Director to work more effectively with Board and

that the Board has "to be harder on management."

Integrating the Bureau of the Budget

¶11. (SBU) Legislation on integrating the Bureau of the Budget into the Ministry of Finance (a high priority of the IMF and other donors) has been submitted for approval. The minister said they would like to expedite the arrival of the short-term consultant who will help with the legislative process and advise on incorporating the budget office at MOF. They plan to start implementing the integration July 1 (the start of the fiscal year) to avoid interfering with the current budget cycle. (Note: Hiring the USG-funded expert is in progress and help should arrive soon.)

Customs outsourcing and financial connectivity

¶12. (SBU) MOF will convene a meeting with partners on Customs outsourcing before the end of January. They will then be able to publish the request for Expressions of Interest in February, in time to meet the July target. Deputy Minister Tamba said MOF has received approval from the Public Procurement and Concessions Committee for restrictive bidding to handle the One-Stop-Shop connectivity that will link customs at the port and airport, as well as the LPRC and Forestry Development Agency to the Central Bank and MOF. They expect to be able to receive and evaluate the bids within about one month.

Investment Climate

¶13. (SBU) The Ambassador provided the most recent Investment Climate Statement for Liberia and a copy of the model Bilateral Investment Treaty (BIT). Both were new to the Minister, although she recalled her discussion of BITs in Washington (Ref C). We noted BIT negotiations could be initiated at the GOL's convenience, but we were providing the draft document as an indication of the types of issues that will be evaluated during negotiations.

Pre-shipment Inspection: Transparent, but...

¶14. (SBU) Tamba confirmed the winner of the pre-shipment inspection tender was selected January 17. The Minister said she hadn't seen the papers but immediately added, "It's going to be a nightmare! People are not going to be happy. There will be challenges." She stressed, however, that it was a transparent process and they now have an opportunity to get a better contract with better oversight.

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They planned to notify bidders of the result January 18.

¶15. (SBU) COMMENT: We anticipate, from the minister's reaction, that the current company won the tender. BIVAC is widely unpopular with importers and Customs officials, but claims to be the victim of smear campaigns by competitors. Although the evaluation process was transparent (an Embassy representative attended the intermediate stages) BIVAC did bring in additional equipment, such as a scanner, and enhance its services after the contract was put out for bids. An American firm that bid did not make the short list, due apparently to incompetence on the part of its Liberian agent. END COMMENT.

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